

Risk Management

Mission

To provide policy direction and effective management and financial support systems for all of the City's insurance coverage for employees, buildings, and equipment.

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CITY OF ALLENTOWN

FUND SUMMARY - RISK MANAGEMENT FUND (081)

	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Final Budget	2011 Actual & Estimated	2012 Final Budget
Opening Balance - Cash Basis 12/31/2010						3,298,750	1,599,038
Revenues:							
6200 Retiree Health Benefit Reimb.	528,199	626,918	697,381	700,435	769,700	805,781	838,011
6210 Active Employee Benefit Reimb.	169,727	170,788	176,346	304,391	276,929	252,937	263,054
6220 Inactive Employee Benefit Reimb.	90,433	97,737	50,487	61,323	65,589	61,112	63,556
6418 Investment Income	299,700	166,093	95,418	51,040	15,000	-	-
6615 Claims Paid - Reimb. Risk	769,788	24,853	64,132	498,228	70,139	143,757	45,000
6688 Miscellaneous	821,237	375,274	257,464	202,779	215,915	284,431	145,916
6690 State Aid for Pension	859	1,426	1,158	2,122	1,244	2,076	1,249
7121 General Fund	8,516,979	8,625,126	8,433,196	8,968,360	9,394,265	9,394,265	10,277,711
7122 Water Fund	1,461,781	1,536,740	1,471,879	1,507,520	1,444,665	1,444,665	1,485,895
7123 Sewer Fund	1,841,606	1,618,484	1,623,108	1,671,110	1,607,160	1,607,160	1,684,674
7124 Trexler Fund	300,208	300,208	251,063	186,200	176,600	176,600	185,694
7125 CDBG	7,353	-	7,353	7,574	7,801	7,801	216,874
7126 Liquid Fuels Fund	276,736	277,288	296,125	279,300	260,600	260,600	272,494
7127 Golf Course Fund	75,856	66,176	57,938	59,850	71,375	71,375	75,759
7128 Solid Waste Fund	483,948	502,675	467,620	437,300	436,050	436,050	455,365
7129 Risk Fund	24,064	28,876	30,900	31,920	33,960	33,960	37,016
7130 911 Fund	336,896	379,008	409,425	422,940	399,875	399,875	432,420
Total Revenue	16,005,370	14,797,670	14,390,993	15,392,392	15,246,867	15,382,445	16,480,688
Total Funds Available						18,681,195	18,079,725
Expenditures:							
02 PERMANENT WAGES	99,811	145,345	145,037	149,398	150,754	150,724	153,116
11 SHIFT DIFFERENTIAL	-	12	2	-	-	-	-
12 FICA	7,539	11,059	11,038	11,028	11,533	11,530	11,713
14 PENSION	4,233	4,780	4,108	6,460	5,102	5,102	5,508
16 INSURANCE - EMPLOYEE GROUP	24,064	28,876	30,900	31,920	33,960	33,960	37,016
Total Personnel	135,647	190,072	191,085	198,806	201,349	201,316	207,354
32 PUBLICATIONS & MEMBERSHIP	251	256	270	280	500	500	500
34 TRAINING & PROF DEVELOP	451	956	622	-	1,200	500	1,200
35 INSURANCE - HEALTH	4,021,324	3,443,504	9,037,587	9,614,742	-	-	-
36 INS - PROPERTY & CASUALTY	294,291	535,248	440,111	551,934	540,000	474,830	500,661
37 INS - MEDICAL, DENTAL, LIFE, RX	3,485,649	3,499,980	3,714,129	3,898,633	13,482,396	13,482,331	14,375,564
38 INS - OTHER EMPLOYEE	26,527	20,308	25,195	18,185	23,000	22,960	23,000
39 INSURANCE - HMO	4,393,268	5,521,889	-	-	-	-	-
44 PROFESSIONAL SERVICES FEES	165,963	393,650	154,675	169,397	-	-	-
46 CONTRACT/SERVICES FEES	18,599	28,544	4,856	8,708	288,000	285,375	248,000
Total Services & Charges	12,406,323	13,444,335	13,377,445	14,261,879	14,335,096	14,266,496	15,148,925
56 UNIFORMS	-	-	93	-	100	100	100
58 OFFICE SUPPLIES	89	-	-	-	-	-	-
68 OPERATING MATERIAL & SUPPLIES	795	1,247	191	422	2,500	2,400	2,200
Total Materials & Supplies	884	1,247	284	422	2,600	2,500	2,300
72 EQUIPMENT	1,836	-	-	-	-	-	-
Total Capital Outlays	1,836	-	-	-	-	-	-
80 SELF-INSURED LOSSES	2,042,820	2,036,595	2,049,720	2,036,400	2,548,000	2,516,097	2,122,357
86 GENERAL CITY CHARGES	45,325	46,000	48,300	50,716	53,251	53,251	55,914
99 PRIOR YEARS COMMITMENTS	-	31,350	7,036	40,524	-	42,497	-
Total Sundry	2,088,145	2,113,945	2,105,056	2,127,640	2,601,251	2,611,845	2,178,271
Total Expenditures	14,632,835	15,749,599	15,673,870	16,588,747	17,140,296	17,082,157	17,536,850
Closing Balance						1,599,038	542,875

PROGRAM DETAIL

Bureau: Risk Management	No: 02-8001	Department: Finance	Program: Property & Casualty	No: 0001
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Program Description:

This program provides funding for bodily injury and property damage claims filed by third parties alleging City negligence. This program also provides funding for administrative expenses such as legal defense fees, claims management and loss prevention expenses, and excess insurance premiums. This program also reimburses City operating funds for losses to City-owned property (vehicles, structures, contents and other assets). The City has self-insured this risk since July 1979. Currently, we are retaining the full exposure of each general liability occurrence except for Law Enforcement Liability with a \$50,000 deductible, and \$100,000 of each occurrence for property losses.

Goal(s):

To protect City assets from loss.

To offer effective management of Property/Casualty claims.

Measurable Budget Year Objectives and Long Range Targets:

To manage the fund and enable it to respond to significant changes which have occurred within the insurance industry by:

- Assuring that adequate funding is available to obtain coverage during 2012.
- Identifying insurance coverage gaps and evaluating feasibility of purchasing coverage by July 1, 2012.

To improve claim monitoring and attempt to reduce cost of claims and claims administration by:

- Effectively managing the City's responsibility for Property/Casualty claims.
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**CITY OF ALLENTOWN
PROGRAM BUDGET
RESOURCE REQUIREMENTS**

FUND 081 RISK MANAGEMENT
DEPT 02 FINANCE
BUREAU 8001 RISK MANAGEMENT
PROGRAM 0001 PROPERTY & CASUALTY

		2007	2008	2009	2010	2011	2011	2012			
		Actual	Actual	Actual	Actual	Final	Actual &	Final			
		Number of Permanent Positions				Salaries	Estimated	Budget			
						#	#	#			
Personnel Detail											
15N	Risk & Safety Manager	0.5	0.5	0.5	0.5	0.5	33,877	0.5	33,871	0.5	34,397
12N	Accountant	0.5	0.5	0.5	0.5	0.5	30,882	0.5	30,875	0.5	31,387
09N	Office Manager	-	0.2	0.2	0.2	0.2	10,618	0.2	10,616	0.2	10,774
	Total Positions	1.0	1.2	1.2	1.2	1.2		1.2		1.2	
Account Detail											
02	PERMANENT WAGES	49,906	72,673	72,519	74,699	75,377	75,362	76,558			
11	SHIFT DIFFERENTIAL	-	6	1	-	-	-	-			
12	FICA	3,769	5,529	5,519	5,514	5,766	5,765	5,857			
14	PENSION	2,116	2,390	2,054	3,230	2,551	2,551	2,754			
16	INSURANCE - EMPLOYEE GROUP	12,032	14,438	15,450	15,960	16,980	16,980	18,508			
	Personnel	67,823	95,036	95,543	99,403	100,674	100,658	103,677			
32	PUBLICATIONS & MEMBERSHIP	160	-	-	-	-	-	-			
36	INS - PROPERTY & CASUALTY	256,481	431,545	346,368	453,193	450,000	378,391	399,400			
44	PROFESSIONAL SERVICES FEES	135,964	348,839	96,425	108,047	-	-	-			
46	CONTRACT/SERVICES FEES	18,599	28,544	4,856	8,708	225,000	225,000	183,500			
	Services & Charges	411,204	808,928	447,649	569,948	675,000	603,391	582,900			
58	OFFICE SUPPLIES	89	-	-	-	-	-	-			
68	OPERATING MATERIAL & SUPPLIES	795	1,247	191	422	2,500	2,400	2,200			
	Materials & Supplies	884	1,247	191	422	2,500	2,400	2,200			
72	EQUIPMENT	1,836	-	-	-	-	-	-			
	Capital Outlays	1,836	-	-	-	-	-	-			
80	SELF-INSURED LOSSES	1,370,006	1,263,965	1,319,118	1,312,290	1,800,000	1,768,376	1,400,000			
86	GENERAL CITY CHARGES	26,325	27,000	28,350	29,768	31,256	31,256	32,819			
99	PRIOR YEARS COMMITMENTS	-	31,350	7,036	40,524	-	42,497	-			
	Sundry	1,396,331	1,322,315	1,354,504	1,382,582	1,831,256	1,842,129	1,432,819			
TOTAL	PROPERTY & CASUALTY	1,878,078	2,227,526	1,897,887	2,052,355	2,609,430	2,548,578	2,121,596			

PROGRAM DETAIL

Bureau: Risk Management	No: 02-8001	Department: Finance	Program: Workers' Compensation	No: 0002
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Program Description:

This program funds benefits for City employees injured while working for the City. Payments include medical expenses, indemnity (at 66-2/3% of annual pay), claims management, loss prevention, and excess insurance premiums. The City has self-insured this risk since January 1978. Since October 2010 we have retained the first \$500,000 of each occurrence. Risk Management performs all the functions associated with the administration of the Risk Management fund. This program includes those safety functions intended to protect the City and its employees against loss and injury. It includes the elimination of risks through analysis, inspections, accident/incident investigation, employee training, contract review and all the functions associated with Safety Management for the City. This program is responsible for City-building ADA requirements and manages the CDL drug and alcohol testing programs.

Goal(s):

To protect City employees and assets from loss. To offer the most effective management of Workers' Compensation claims. To ensure through monitoring and evaluation that supervisors and employees are knowledgeable and accountable for safety performance in carrying out their job duties. To improve existing and initiate new safety programs and activities.

Measurable Budget Year Objectives and Long Range Targets:

To manage the fund enabling it to respond to the significant changes which have occurred within the insurance industry by assuring that adequate funding is available to obtain coverage during 2012.

To improve claim monitoring and attempt to reduce cost of claims and claims administration by:

- Using the computerized claims information system, in conjunction with on-line access to adjuster's files.
- Improving the frequency of follow-up with injured employees in order to show the City's interest and concern for their return to work.

To provide a safe and healthful work environment for City employees by:

- Review existing safety programs and implement new safety programs.
- Develop safety training programs and conduct training sessions on numerous safety and health topics.
- Manage CDL drug and alcohol testing program.
- Assist City managers in the reduction of accidents and severity rates of injury and illnesses.
- Oversee established bureau safety committees.

**CITY OF ALLENTOWN
PROGRAM BUDGET
RESOURCE REQUIREMENTS**

FUND 081 RISK MANAGEMENT
DEPT 02 FINANCE
BUREAU 8001 RISK MANAGEMENT
PROGRAM 0002 WORKERS COMPENSATION

	2007	2008	2009	2010	2011	2011	2012
	Actual	Actual	Actual	Actual	Final Budget	Actual & Estimated Salaries	Final Budget
Personnel Detail							
	Number of Permanent Positions				#	#	#
15N Risk & Safety Manager	0.5	0.5	0.5	0.5	0.5	0.5	0.5
12N Accountant	0.5	0.5	0.5	0.5	0.5	0.5	0.5
09N Office Manager	-	0.2	0.2	0.2	0.2	0.2	0.2
Total Positions	1.0	1.2	1.2	1.2	1.2	1.2	1.2
Account Detail							
02 PERMANENT WAGES	49,905	72,672	72,518	74,699	75,377	75,362	76,558
11 SHIFT DIFFERENTIAL	-	6	1	-	-	-	-
12 FICA	3,770	5,530	5,519	5,514	5,766	5,765	5,857
14 PENSION	2,117	2,390	2,054	3,230	2,551	2,551	2,754
16 INSURANCE - EMPLOYEE GROUP	12,032	14,438	15,450	15,960	16,980	16,980	18,508
Personnel	67,824	95,036	95,542	99,403	100,674	100,658	103,677
32 PUBLICATIONS & MEMBERSHIP	91	256	270	280	500	500	500
34 TRAINING & PROF. DEVELOPMENT	451	956	622	-	1,200	500	1,200
36 INS - PROPERTY & CASUALTY	37,810	103,703	93,743	98,741	90,000	96,439	101,261
38 INS - OTHER EMPLOYEE	26,527	20,308	25,195	18,185	23,000	22,960	23,000
44 PROFESSIONAL SERVICES FEES	29,999	44,811	58,250	61,350	-	-	-
46 CONTRACT/SERVICES FEES	-	-	-	-	63,000	60,375	64,500
Services & Charges	94,878	170,034	178,080	178,556	177,700	180,774	190,461
56 UNIFORMS	-	-	93	-	100	100	100
Materials & Supplies	-	-	93	-	100	100	100
80 SELF-INSURED LOSSES	672,814	772,630	730,602	724,110	748,000	747,721	722,357
86 GENERAL CITY CHARGES	19,000	19,000	19,950	20,948	21,995	21,995	23,095
Sundry	691,814	791,630	750,552	745,058	769,995	769,716	745,452
TOTAL	854,516	1,056,700	1,024,267	1,023,017	1,048,469	1,051,248	1,039,690

PROGRAM DETAIL

Bureau: Risk Management	No: 02-8001	Department: Finance	Program: Employee Health Benefits	No: 0003
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Program Description:

This program centralizes the payment of health care costs. This program provides the funding and administration for all City employee-related health care, disability and life insurance benefit programs.

Goal(s):

To provide conscientious, cost-effective administration of the employee benefit programs.

Measurable Budget Year Objectives and Long Range Targets:

- To provide funding on a timely basis for payment of all health benefit insurance premiums.
- To provide a budget mechanism to enable clear recording of expenditures for the City's health care, disability and life insurance programs.

CITY OF ALLENTOWN
PROGRAM BUDGET
RESOURCE REQUIREMENTS

FUND 081 RISK MANAGEMENT
DEPT 02 FINANCE
BUREAU 8001 RISK MANAGEMENT
PROGRAM 0003 EMPLOYEE HEALTH BENEFITS

		2007	2008	2009	2010	2011	2011	2012
		Actual	Actual	Actual	Actual	Final	Actual &	Final
		Number of Permanent Positions				Salaries	Salaries	Salaries
		#	#	#	#	#	#	#
Personnel Detail								
Total Positions		-	-	-	-	-	-	-
Account Detail								
35	INSURANCE - HEALTH	4,021,324	3,443,504	9,037,587	9,614,742	-	-	-
37	INS - MEDICAL, DENTAL, LIFE, RX	3,485,649	3,499,980	3,714,129	3,898,633	13,482,396	13,482,331	14,375,564
39	INSURANCE - HMO	4,393,268	5,521,889	-	-	-	-	-
	Services & Charges	<u>11,900,241</u>	<u>12,465,373</u>	<u>12,751,716</u>	<u>13,513,375</u>	<u>13,482,396</u>	<u>13,482,331</u>	<u>14,375,564</u>
TOTAL	EMPLOYEE HEALTH BENEFITS	11,900,241	12,465,373	12,751,716	13,513,375	13,482,396	13,482,331	14,375,564

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